PROPOSITION ___
[I - 05 - 2022]

Predatory Debt Collection Protection Act

ANALYSIS BY LEGISLATIVE COUNCIL

Proposition _____ would increase the following debt collection exemptions (and would also provide that the exemption amounts would be increased annually based on the change in the United States Department of Labor consumer price index):

1. The homestead exemption on a debtor's home would increase from $250,000 to $400,000.

2. The exemption on a debtor's household furniture, furnishings, goods and appliances would increase from $6,000 to $15,000.

3. The exemption on the debtor's equity in one motor vehicle would increase from $6,000 to $15,000, or if the debtor has a physical disability, from $12,000 to $25,000.

4. The exemption on a debtor's single account in one financial institution would increase from $300 to $5,000.

Proposition ____ would decrease the portion of a debtor's weekly disposable earnings that is subject to debt collection actions (other than support payments) to the lesser of 10% of the disposable earnings or sixty times the highest applicable federal, state or local minimum wage. Currently the amount of disposable earnings that is subject to debt collection actions (other than support payments) is the lesser of 25% of the disposable earnings or thirty times the federal minimum wage. Additionally, in a garnishment action, if the court determines by clear and convincing evidence that the 10% calculation on disposable earnings would cause extreme economic hardship to the debtor or the debtor's family, the court may reduce the amount to 5% of disposable income. Currently, the court may reduce the amount to 15% of disposable income.

Proposition ____ would lower the maximum interest rate on medical debt (an obligation arising directly from the receipt of medical products or devices or the receipt of health care services provided at or by licensed health care institutions, the offices or clinics of most licensed health care providers or ambulance services) from the current rate of 10% per year (unless a different rate is contracted for in writing) to the lesser of 3% or an annual rate equal to the weekly average one-year constant maturity treasury yield, as published by the Federal Reserve Board, for the calendar week preceding the date when the consumer was first provided with a bill. The new maximum rate would also apply to judgments on medical debt.

Proposition ____ would only apply to contracts and agreements entered into on or after the effective date of this measure. The proponents' political committee would have standing to defend the measure in any legal challenge.